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SIMULATOR SYSTEMS GROUP



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Changes in the Contracting Process 12 May 2009

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KEY POINTS



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- Reason for Change
- Process Changes
- Peer Review/Multi-Functional Independent Review Teams (MIRTs)
- Undefined Contractual Actions (UCAs)
- PEO/AC UCA Review Results
- New UCA Policy
- Integrated Product Team Pricing Policy
- Recommendations to Improve



REASON FOR CHANGE



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- **Source selections too complex, too long**
 - Measure key discriminators, pass/fail requirements, elevate importance of cost
- **Inappropriate use of T&M, LOE, CPAF, UCAs when FFP could be used**
- **Long service contracts (exceeding 3-5 yrs) weakens competition/change**
- **Significant criticism for programs over cost & not delivering capability**



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PROCESS CHANGES



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- **USAF and General Contracting Authority now within the contracting chain**
 - Strengthens role & independence of AF Contracting
 - All Business/Contract Clearances in contracting
- **Specific Changes:**
 - OSD Pre & Post Award Peer Review - \geq \$1B (Competitive & Sole Source)
 - AF MIRT - \geq \$50M (Competitive)
 - Senior Acquisition Exec approval of PCO & Source Selection Evaluation Team chair for ACAT 1 - \$1B
 - UCAs – under scrutiny and increased reporting
 - IPT Pricing – gone



PEER REVIEWS



- **OSD pre- and post-award review IAW:**
 - **OUSD(AT&L)/DPAP 29 Sep 08 direction**
 - **Section 808 of the National Defense Authorization Act for FY08**
- **All sole source & competitive contracts \geq \$1B**
- **Review team of multi-functional OSD personnel**
- **Pre-award review prior to:**
 - **Issuance of the RFP**
 - **Request for final proposal revision (FPR)**
 - **Contract Award**
- **IMPACT - Additional contract award schedule needed**



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MULTI-FUNCTIONAL INDEPENDENT REVIEW TEAMS (MIRTs)

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- **IAW AFFARS Mandatory Procedure MP5301.9001(b) and ASAF(A) direction**
- **All competitive acquisitions \geq \$50M**
- **Team consists of Air Force personnel**
- **IMPACT - Additional contract award schedule needed to conduct reviews of:**
 - **ASP brief (or Acquisition Plan)**
 - **Sections L&M of RFP**
 - **Competitive Range Brief to Source Selection Authority (SSA)**
 - **Request for FPR brief to SSA**
 - **Decision Brief to SSA**



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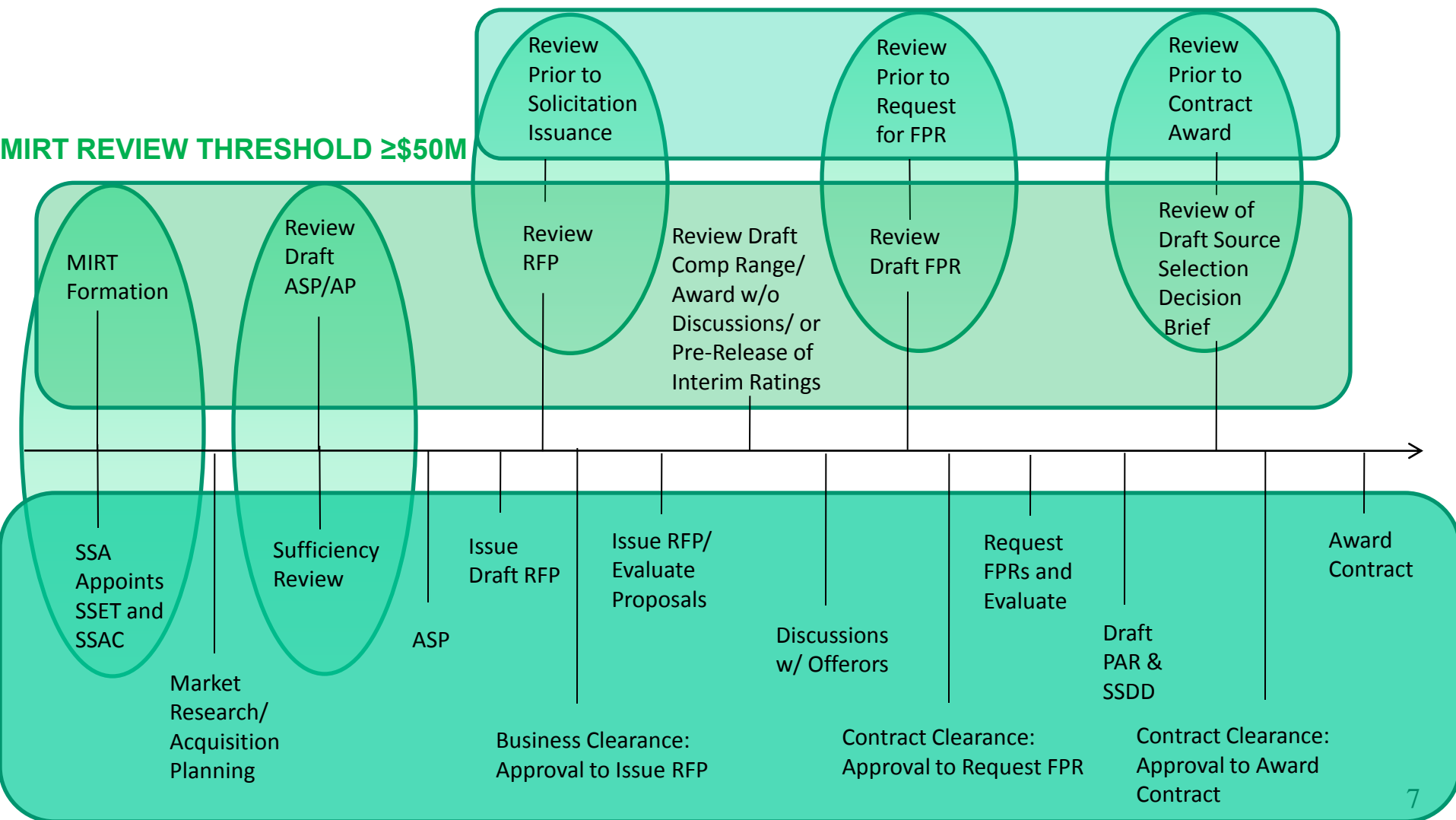
MILESTONE REVIEWS: STANDARD SOURCE SELECTION

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PEER REVIEW THRESHOLD $\geq \$1B$

MIRT REVIEW THRESHOLD $\geq \$50M$



STANDARD SOURCE SELECTION MILESTONES



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UNDEFINITIZED CONTRACTUAL ACTIONS (UCAs)

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- **Increased PEO/AC (Gen Hudson) oversight on use & definitization**
 - PEO/AC approves all UCAs over \$10M
- **More PEO/AC reporting**
 - 90 day “look ahead” briefed weekly
 - Oldest 25 briefed every six weeks
 - Wing’s UCA status included with all new requests



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PEO/AC UCA REVIEW RESULTS



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- **Late user requirement changes cause 20% of overage UCAs**
- **UCAs for Urgent Operator Needs & GWOT actions often cannot be projected/avoided**
- **Incremental program decisions force UCAs (to prevent production gaps)**
- **Inadequate, late proposals drive need for UCAs and lengthen definitization**
 - **Contractors are not submitting timely and complete analyses of supplier proposed prices**



NEW UCA POLICY



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- **Request UCA approval after receipt of qualifying proposal**
 - If issued prior to proposal, plan required to stop payments if proposal not delivered on time
 - Proposals must comply with Proposal Adequacy Checklist
- **Obligation of 50% of NTE is not automatic**
 - Funding should be consistent with spend plan
- **Profit/fee should match risk of to-go effort not incurred cost**
- **Note quality, time issues in CPARS, award fees**



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INTEGRATED PRODUCT TEAM (IPT) PRICING



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- **IPT pricing was concurrent requirements refinement, proposal development, fact-finding, and preliminary agreement**
- **IPT pricing tool rescinded IAW 27 Apr 09 AFMC Policy letter 2009-PK-003**
- **New direction - traditional approach:**
 - **Serial process – RFP to contractor**
 - **Contractor then independently prepares proposal**
 - **Govt establishes negotiation objective after audit and tech eval**
 - **Govt obtains approval to enter into negotiations**



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RECOMMENDATIONS TO IMPROVE



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- **Better requirements definition upfront brings better understood/priced contracts**
- **Timely proposal submittal**
- **Follow proposal adequacy checklist**
- **Strengthened Industry/Govt overview process**
- **Increased emphasis on business deal thru MIRTs/Peer Reviews**
- **More to come...**